

<p><b><u>MEETING</u></b></p> <p><b>PENSION FUND COMMITTEE</b></p>
<p><b><u>DATE AND TIME</u></b></p> <p><b>MONDAY 27TH JULY, 2020</b></p> <p><b>AT 6.00 PM</b></p>
<p><b><u>VENUE</u></b></p> <p><b>VIRTUAL MEETING</b></p>

Dear Councillors,

Please find enclosed additional papers relating to the following items for the above mentioned meeting which were not available at the time of collation of the agenda.

Item No	Title of Report	Pages
12.	ADMINISTRATION REPORT	3 - 8

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## Pension Fund Committee 27 July 2020

<b>Title</b>	<b>Administration Report</b>
<b>Report of</b>	Director of Finance
<b>Wards</b>	N/A
<b>Status</b>	Public
<b>Urgent</b>	No
<b>Key</b>	No
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Mark Fox, Pensions Manager – 0208 359 3341

### Summary

This report provides the Pension Fund Committee with a update on the current performance and the plans for the transfer of the administration service from Capita to West Yorkshire Pension Fund.

### Officers Recommendations

The Pension Fund Committee are requested to note the current performance levels and the update on the work being undertaken prior to the transfer of administration services.

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 The efficient delivery of benefits is reliant upon effective administrative procedures being in place. This information is reviewed at each meeting of the Local Pensions Board. This report provides a summary of the update provided to the Board on 25 June 2020.
- 1.2 On 3 March 2020, the Council approved the recommendation from the Policy and Resources Committee that the pensions administration for the Fund be moved from Capita to the West Yorkshire Pension Fund (WYPF). This is currently scheduled to take place on 1 November 2020. This report provides an update on the transfer of administration services.
- 1.3 All the administration team at Capita have all been working from home since the Covid-19 lockdown began. There remains a small number of staff at Capita working at their office in Darlington, who are responsible for scanning incoming post and printing and posting letters. Calls to the administration team have been diverted to the teams' mobile phones.
- 1.4 In the last monthly report received from Capita (May 2020), Service Level Agreement (SLA) attainment was 94.5%. The common measure of SLA attainment within the pensions industry is that 95% of casework is completed within the agreed SLAs. Officers monitor the SLA performance on a weekly basis and raise concerns when performance levels drop.
- 1.5 The Capita administration team are currently working on the production of annual benefit statements, which have a deadline of 31 August 2020 to be issued to both active and deferred members.
- 1.6 In preparation for the transfer of administration to the West Yorkshire Pension Fund, Capita and Officers have agreed a "remediation plan" to be actioned by Capita.
- 1.7 This plan details the work required to be completed by Capita before the transfer. This includes updating member records with correct or missing data identified from the 2019 actuarial valuation. This includes obtaining new joiner and leaver forms from employers so correct benefits to be calculated.
- 1.8 Also included in the remediation plan are "non-actionable work cases". These are cases that were put "on hold" whilst waiting for further information from third parties. A main reason for these cases is the failure to follow up on information requests.
- 1.9 The number of cases outstanding in the remediation plan is c4,600 (including c2,250 "non-actionable work cases"). Officers review the remediation plan on a fortnightly basis to ensure that progress is adequate, so that when the administration is transferred to the WYPF, there is no significant backlog of unprocessed cases or member updates outstanding.
- 1.10 Capita and LBB have agreed to jointly share the costs of four additional staff (up to 31 October 2020) to tackle the remediation plan.

## **2. REASONS FOR RECOMMENDATIONS**

2.1 Not applicable

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

3.1 Not applicable.

## **4. POST DECISION IMPLEMENTATION**

4.1 Not applicable

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

5.1.1 By monitoring admitted body organisations and ensuring all third parties comply fully with admission agreements and bond requirements, good management of the Pension Fund is maintained. This is because the cost of providing benefits will be equitably split between all employers, thus enabling funds to be directed to Council priorities as set out in the Council's Corporate Plan for 2019-2024.

### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.2.1 There are no immediate financial implications from the report. However, it is important that admitted bodies have their contribution set by the Actuary to ensure that employers can commence membership in the Scheme with an equitable contributions rate and that cessation values are calculated to ensure that any deficits from ceasing employers are paid for.

### **5.3 Social Value**

5.3.1 Membership of the Pension Fund ensures the long term financial health of the contributing employees on retirement.

### **5.4 Legal and Constitutional References**

5.4.1 Regulation 2 and Schedule 2 of the Local Government Pension Scheme Regulations 2013 provide that a Local Authority, as an 'Administering Authority' for the Fund, may admit an organisation into the Local Government Pension Scheme, subject to that organisation, or the contractual arrangement between that organisation and the Council, meeting the criteria set out in the Regulations.

5.4.2. With respect to an admission agreement, the Regulations further provide for an assessment of the level of risk arising on premature termination of the provision of the service or assets because of insolvency, winding up or liquidation of the admission body. The assessment must be with the benefit of actuarial advice and, where the level of risk is such as to require it, the

transferee admission body shall obtain an indemnity or bond to meet the level of risk identified.

## **5.5 Risk Management**

5.5.1 The ongoing viability of the Pension Fund is dependent on acquiring assets that match the pension liabilities. All admitted bodies are subject to actuarial assessments and are reviewed to ensure compliance with admissions agreements and maintenance of appropriate employer contribution levels to mitigate against any risk to the financial viability of the pension fund.

5.5.2 There is a possibility of financial losses to the Pension Fund where arrangements around admitted bodies, bond agreements and contributions are not sufficiently robust. The Council is improving internal controls to ensure the Fund is protected.

## **5.6 Equalities and Diversity**

5.6.1 Pursuant to the Equality Act 2010, the Council is under an obligation to have due regard to 1) eliminating unlawful discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; 2) advancing equality of opportunity between persons who share a relevant 'protected characteristic' and those who do not share it; and 3) fostering good relations between persons who share a relevant 'protected characteristic' and persons who do not share it. The 'protected characteristics' are: age, disability, gender reassignment, pregnancy, and maternity, race, religion or belief, sex and sexual orientation. The Council also has regard to the additional protected characteristic of marriage and civil partnership even though this does not apply to parts 2) and 3) (above) of the public-sector equality duty.

5.6.2 The rules governing admission to and participation in the Pension Fund are in keeping with the public-sector equality duty. The Public Sector Equality Duty requires public authorities in carrying out their functions, to have due regard to the need to achieve the objectives set out under s149 of the Equality Act 2010.

Good governance arrangements will benefit everyone who contributes to the fund.

## **5.7 Corporate Parenting**

5.7.1 Not applicable in the context of this report.

## **5.8 Consultation and Engagement**

5.8.1 Not required.

## **5.9 Insight**

5.9.1 Not applicable

## **6. BACKGROUND PAPERS**

6.1 Not applicable

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